

Idaho Public Utilities Commission

Case No. IPC-E-13-02, Order No. 32790

April 19, 2013

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Sales agreement with cogeneration facility approved

State regulators have approved a two-year power sales agreement between Idaho Power Company and a cogeneration facility at J.R. Simplot's fertilizer plant near Pocatello.

Cogenerators produce power as a byproduct of their manufacturing process. The Simplot facility generates 10 average megawatts of energy for Idaho Power's customers. The contract is set at the commission's published avoided-cost rates for PURPA projects 10 average megawatts or smaller. PURPA is the Public Utility Regulatory Policies Act, passed by Congress in 1978 to encourage the development of renewable energy technologies as alternatives to burning fossil fuels or the construction of new power plants. PURPA requires that electric utilities offer to buy power produced from qualifying small power producers or cogenerators.

The rate to be paid small-power developers is to be equal to the cost the utility avoids if it would have had to generate the power itself or purchase it from another source. The commission must ensure the avoided-cost rate is reasonable for utility customers because 100 percent of the price utilities pay to qualifying producers is included in customer rates.

The proposed contract is non-levelized, which means the price escalates annually to more accurately reflect the actual value of the energy generated. The avoided-cost rate is \$52.28 per megawatt-hour in 2013, \$52.49 in 2014 and \$55.91 in 2015. The rate is adjusted for light-load and heavy-load hours as well as for light-load and heavy-load seasons.

A full text of the commission's order, along with other documents related to this case, is available on the commission's Web site at www.puc.idaho.gov Click on "File Room" and then on "Electric Cases" and scroll down to Case No. IPC-E-13-02.

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